

Slater Steel
Slater Steel
Slater Steel
Slater Steel
Slater Steel
Slater Steel
Slater Steel

Contents

- 1 Highlights
 - 2 President's Message
 - 7 Auditors' Report
 - 8 Consolidated Balance Sheet
 - 10 Consolidated Statement of Income
 - 10 Consolidated Statement of Retained Earnings
 - 11 Consolidated Statement of Source and Use of Funds
 - 12 Notes to Consolidated Financial Statements
 - 14 Statistical Summary
 - 16 Slater Products Around the World
-

Pouring a heat of steel into a ladle from one of the three electric furnaces at Burlington Steel.



SLATER STEEL INDUSTRIES LIMITED

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Take notice that the annual meeting of the shareholders of Slater Steel Industries Limited will be held in the Victoria-Albert Room at the Holiday Inn of Hamilton, 150 King Street East, Hamilton, Ontario on Thursday, the 20th day of April, 1972 at the hour of 11:00 o'clock in the forenoon (Eastern Standard Time) for the purpose of:

1. Receiving the Annual Report including the consolidated financial statements for the year ended October 31, 1971 and the report of the Auditors.
2. Electing Directors.
3. Appointing Auditors and authorizing the Directors to fix their remuneration.
4. Transacting such other business as may properly come before the meeting or any adjournment thereof.

A copy of the Annual Report accompanies this notice.

Shareholders who are unable to attend the meeting in person are requested to date and sign the enclosed form of instrument of proxy and return it to the Secretary of the Company in the enclosed envelope.

Dated this 28th day of March, 1972.

By Order of the Board
R. B. Wilson
Secretary

INFORMATION CIRCULAR

This information circular is furnished in connection with the solicitation of proxies by the Management of Slater Steel Industries Limited (hereinafter called the "Corporation") for use at the Annual General Meeting of Shareholders of the Corporation to be held on April 20, 1972 for the purposes set forth in the above notice of meeting. It is expected that the solicitation will be primarily by mail. Proxies may also be solicited personally, or by telephone, by regular employees of the Corporation. The cost of solicitation will be borne by the Corporation.

VOTING OF SHARES AND PRINCIPAL HOLDERS THEREOF

The holders of common shares of record at the time of the meeting or any adjournment thereof are entitled to vote such shares at the meeting. There are 2,582,232 Common shares of the Corporation issued and outstanding. Each share carries one vote.

On March 7, 1972, Stanton Pipes Limited was the beneficial owner of 1,295,555 Common Shares of the Corporation, which represented approximately 50.2% of the outstanding equity shares of the Corporation. Stanton Pipes Limited is a wholly owned subsidiary of British Steel Corporation of London, England.

ELECTION OF DIRECTORS

The enclosed instrument of proxy will be voted for the following proposed nominees (or substitute nominees in the event of contingencies not known at present) who will serve until the next annual meeting of shareholders, or subject to the Corporation's by-laws, until their successors are appointed or unless their offices are earlier vacated in accordance with such by-laws.

	First year became a director (1) and (2)	Common Shares of the Corporation owned beneficially as of February 29, 1972
*R. W. COOPER President, Cooper Construction Company (Eastern) Limited (Industrial, Commercial and Institutional Construction)	1962	10
J. M. EDWARDS (3) Managing Director, British Steel Corporation (International) Ltd. (Steel making operations)	1971	—
*B. M. HAMILTON (4) President of the Corporation	1971	—
*H. H. LEATHER Gentleman Chairman of the Board of the Corporation	1962	1,080
M. LITTMAN, Q.C. (5) Deputy Chairman, British Steel Corporation (Steel making operations)	1971	—
#*R. C. MEECH, Q.C. (6) Partner, Borden, Elliot, Kelley & Palmer (Barristers & Solicitors)	1971	—
G. P. OSLER (7) Corporate Director	1972	—
#*N. B. PREECE (8) President, Stanton Pipes Limited (Pipe making operations)	1971	—
#D. H. WARD Chairman of the Board Dominion Securities Corporation Limited (Investment Dealers)	1968	2,000

*Member of Executive Committee of the Corporation.

#Member of Audit Committee of the Corporation.

- NOTE 1. Slater Steel Industries Limited was incorporated on February 22, 1962 on the amalgamation of Slater Industries Limited and Burlington Steel Company, Limited.
2. Each proposed nominee who is stated to have first become a director in a specified year has served continuously as a director from the year indicated.
3. The principal occupation of Mr. J. M. Edwards for the past five years is as follows:
- | | |
|-----------------------|---|
| To 1967 | Deputy Legal Advisor, Courtaulds Ltd. |
| 1967 - 1970 | Director, Legal Services and Director, Special Projects, British Steel Corporation. |
| 1970 - 1971 | Director, Overseas Interests, British Steel Corporation. |
| Oct. 1971 - Mar. 1972 | Managing Director, British Steel Corporation (International) Ltd. |
4. The principal occupation of Mr. B. M. Hamilton for the past five years is as follows:
- | | |
|------------------------|--|
| To Nov. 1969 | Associated with Crucible Steel Company of America in various capacities. |
| Nov. 1969 - Aug. 1971 | President, Crucible Specialty Metals Division, Colt Industries, Syracuse, N.Y. |
| Sept. 1971 - Jan. 1972 | President, N. Slater Company and Burlington Steel Company, Divisions of Slater Steel Industries Limited. |
| Jan. 1972 - Mar. 1972 | President, Slater Steel Industries Limited. |
5. The principal occupation of Mr. M. Littman, Q.C. for the past five years is as follows:
- | | |
|-----------------------|---|
| To March 1967 | Engaged in practice as a Barrister and Queen's Counsel. |
| Mar. 1967 - Jan. 1970 | Chief Legal Advisor, British Steel Corporation. |
| Jan. 1970 - Apr. 1972 | Deputy Chairman, British Steel Corporation. |
6. The principal occupation of Mr. R. C. Meech, Q.C. for the past five years is as follows:
- | | |
|---------------|--|
| To March 1972 | Partner, Borden, Elliot, Kelley & Palmer |
|---------------|--|
7. The principal occupation of Mr. G. P. Osler for the past five years is as follows:
- | | |
|------------------------|---|
| To September 1971 | Chairman & President, UNAS Investments Limited. |
| Sept. 1971 - Feb. 1972 | Chairman, UNAS Investments Limited. |
8. The principal occupation of Mr. N. B. Preece for the past five years is as follows:
- | | |
|---------------|-----------------------------------|
| To March 1972 | President, Stanton Pipes Limited. |
|---------------|-----------------------------------|

REMUNERATION OF MANAGEMENT

The aggregate direct remuneration paid or payable by the Corporation to the Directors and Senior Officers of the Corporation during the Corporation's last completed financial year ended October 31, 1971, amounted to \$232,697.

The estimated aggregate cost to the Corporation and its subsidiaries in the last completed financial year of all pension benefits to be paid under any normal pension plan in the event of retirement at normal retirement age, directly or indirectly, by the Corporation or any of its subsidiaries to the Directors and Senior Officers of the Corporation is \$9,406.

In addition the Corporation has authorized the payment of a pension to a retired Senior Officer amounting to \$9,347 per annum payable until his death.

On October 18, 1971, an option to purchase 4,000 Common shares of the Corporation at a price of \$10.25 per share was granted to a Senior Officer. Such option expires on August 31, 1977. During the 30 days preceding the granting of such option the Corporation's Common shares were traded in a range from \$11 $\frac{7}{8}$ to \$10.00.

APPOINTMENT OF AUDITORS

It is intended to vote the proxy for the re-appointment of Messrs. Thorne, Gunn, Helliwell & Christenson, the present auditors, as Auditors of the Corporation.

VOTING OF PROXIES

A SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON (WHO NEED NOT BE A SHAREHOLDER) TO ATTEND AND VOTE FOR HIM AND ON HIS BEHALF AT THE MEETING OTHER THAN THE PERSONS DESIGNATED IN THE ENCLOSED FORM OF PROXY. TO EXERCISE THIS RIGHT THE SHAREHOLDER MAY INSERT THE NAME OF THE DESIRED PERSON IN THE BLANK PROVIDED IN THE PROXY OR MAY SUBMIT ANOTHER APPROPRIATE PROXY.

Shares represented by properly executed proxies in favour of the persons designated in the enclosed form will be voted. SUCH SHARES WILL BE VOTED FOR THE ELECTION AS DIRECTORS OF THE PERSONS DESIGNATED IN THIS INFORMATION CIRCULAR AS NOMINEES FOR SUCH OFFICE. The Management of the Corporation does not contemplate that any of the proposed nominees will be unable to serve as a director but, in the event that a proposed nominee does not stand for election or is unable to serve, proxies may be voted for another nominee designated by the Board of Directors. Where the shareholder executing such proxy specifies a choice with respect to any matter to be acted upon at the meeting, other than the election of directors and the appointment of auditors, such shares will be voted in accordance with any specification so made. The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the notice of meeting and other matters which may properly come before the meeting.

A shareholder who has given a proxy has the power to revoke it prior to the commencement of the meeting by completing a written notice of revocation and depositing such notice either at the head office of the Corporation at any time up to and including the last business day prior to the day of the meeting or with the chairman of the meeting on the day of the meeting. A shareholder who has given a proxy has the power to revoke it after the commencement of the meeting as to any matter on which a vote has not been cast under the proxy by delivering written notice of revocation to the chairman of the meeting.

A shareholder who has given a proxy may also revoke it by signing an instrument of proxy bearing a later date and returning such proxy to the Secretary-Treasurer of the Corporation prior to the commencement of the meeting.

The directors have fixed 48 hours preceding the meeting as the time before which instruments of proxy to be used at the meeting must be deposited with the Corporation.

GENERAL

Except where indicated, information contained herein is given as of February 29, 1972. The Management knows of no matters to come before the annual general meeting of shareholders other than the matters referred to in the notice of meeting. If any matters which are not known should properly come before the meeting, the accompanying proxy instrument will be voted on such matters in accordance with the best judgment of the person voting it.

Directors

R. W. Cooper ^①	Burlington
J. M. Edwards	U.K.
B. M. Hamilton ^{①②}	Burlington
H. H. Leather ^①	Hamilton
M. Littman, Q.C.	U.K.
R. C. Meech, Q.C. ^{①②③}	Toronto
G. P. Osler ^{①②}	Toronto
N. B. Preece ^{①②③}	Grimsby
D. H. Ward ^③	Toronto

^① Members of Executive Committee

^② Members of Acquisition Committee

^③ Members of Audit Committee

Officers

G. P. Osler, *Chairman of the Board*
 B. M. Hamilton, *President*
 R. B. Wilson, *Secretary-Treasurer*
 D. W. Albright, *Comptroller*

Operating Companies and other Executives

Burlington Steel

(Rolling Mill Division)

A. G. McDonald,
Vice President — Sales

J. F. Miles,
Vice President — Manufacturing

Slater Products

(Pole Line Hardware Division)

A. M. Parent,
Vice President — General Manager

Registrar and Transfer Agents

Montreal Trust Company
Toronto, Montreal, Vancouver and Winnipeg

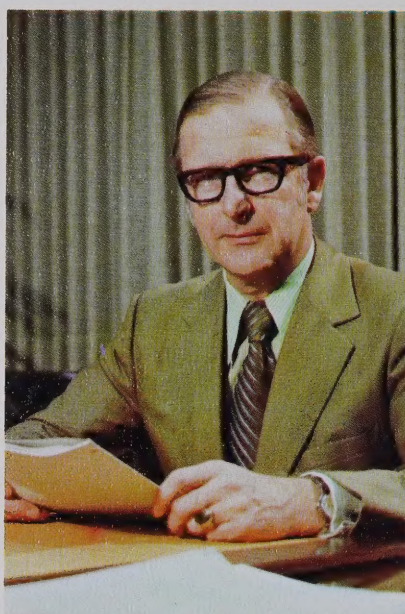
Auditors

Thorne, Gunn & Co.

Highlights

	1972	1971
Net sales	\$34,259,802	\$28,966,894
Net income	\$ 2,609,412	\$ 2,006,010
Net income per common share	84¢	60¢
Dividends declared		
Preference shares	\$ 450,399	\$ 458,114
Common shares	\$ 1,549,340	\$ 1,549,339
Total dividends	\$ 1,999,739	\$ 2,007,453
Per common share	60¢	60¢
Fixed asset expenditures (net)	\$ 3,102,693	\$ 503,090
Depreciation	\$ 1,039,983	\$ 1,006,970
Working capital	\$28,180,067	\$29,726,883
Common shareholders' equity	\$30,323,337	\$29,672,803
Per share	\$ 11.74	\$ 11.49

President's Message



Improvement in most business activities in Canada took place in 1972 compared to the previous year. Demand for steel increased, as did requirements for basic commodities associated with the utility industry.

A number of changes and improvements in your Company were part of the overall plan for expansion and growth of participation in the various markets we serve. The moves we made were designed to increase both sales and earnings of Slater Steel Industries Limited on a continuing basis.

Net Sales for the year ended October 31, 1972, were \$34,259,802 compared with \$28,966,894 in fiscal 1971, an increase of 18%. This was due to increased activity in both Divisions brought about by a modified marketing strategy which included broader field coverage and promotion of specific commodities.

Net Income was \$2,609,412, equal to 84¢ per common share in 1972, compared to \$2,006,010 or 60¢ per common share for the previous year; an increase of 30%. This improve-

ment can be attributed entirely to factors in the operating Divisions, since investment income remained unchanged.

The improved level of income can be attributed to additional sales volume, favourable scrap purchasing costs, increased selling prices for certain products, and cost reductions in operating practices.

1972 completed the first year of our association with British Steel Corporation (International) Ltd. This relationship has proved to be beneficial in many ways, especially in technical and marketing matters where we have sought and received their expertise. Some of our people have attended training courses in the United Kingdom on cost control and processing standards. Visits have also been made to various steel mills in the U.K. to observe some of the most up-to-date manufacturing processes in the industry.

Our "fiscal '73" will be a five-month period — November 1, 1972 - March 31, 1973 — to bring our year-end into line with other com-



Superstructure of new warehouse adjacent to the finishing area of mill. This is part of the overall program to modernize the present rolling mill facility at Burlington Steel.

panies in which British Steel Corporation (International) has an investment interest. Earnings in this particular almost half-year period are likely to be slightly lower compared to the same period in 1972, due to the construction activity taking place at our Burlington Steel division with the installation of the new Rolling Mill. The construction work is expected to reduce output by about 30% during the period. We anticipate obtaining full benefits from our new Mill in "fiscal '74", since it will have experienced its growing pains and will be operating with reliability by year end.

During the year, several avenues were explored as a possible means of increasing the return on investment of our cash, either through acquisition or investment in companies having related interest or involvement with Slater Steel Industries. Guidelines were set relating to the size and nature of any business with which we would consider association. As a result, on November 2, 1972, an offer was made to all share-

holders of Interprovincial Steel and Pipe Corporation Ltd. to purchase a 25% interest, or 886,000 common shares of its stock, at \$17.25 per share on a pro-rata basis. At the close of the offer on November 23, 1972, 2,550,917 shares had been tendered, and 34.7% of this total were taken up under the terms of the offer.

Interprovincial Steel, more popularly known as Ipsco, is an integrated steel and pipe producer manufacturing a wide range of flat rolled and tubular products in its plant at Regina, Saskatchewan. Ipsco's principal business is concentrated in the pipe market, where the company has achieved both success and high regard as a supplier of large diameter spiral weld pipe from both medium and high tensile strength material.

Ipsco is currently completing a \$5,000,000 expansion program which will substantially increase output from its steelmaking operation as well as pipemaking facility.

We will have board representation

at Ipsco and know our association will be mutually advantageous through exchange in the areas of steelmaking, technical and management experiences. This interest in Ipsco broadens Slater Steel Industries' involvement in the important and growing markets for flat rolled and tubular products in Canada's steelmaking industry, which are significant. Existing and future steel usage will be helpful to your Company.

During the year the position of Director of Employee Services was introduced into our corporate organization to formalize all employee matters and controls relative to both personnel and salary administration. Specific programs have been developed to cover policy matters, training and communications, emphasizing the concern of your management with the "people" side of our business, and giving recognition to performance, development and participation.



Vertical dividers in the new warehouse at Burlington Steel used to separate steel by size and quality.

Hoisting into place of a 15-ton capacity electric overhead crane in the new warehouse at Burlington Steel. This is a cab-controlled crane, having a 77' span.

Burlington Steel

The major project at our Burlington Steel division during the year was the renovation and modernization of our Rolling Mill at a capital cost of \$5,000,000. This improvement will increase productive output by 50% and enable the Mill to roll a wider size range of product with improved tolerance and surface finish. To support increased roll product output, a further \$1,000,000 was provided for the construction of a new warehouse facility adjacent to the Finishing Area of the Mill. The new Mill will add appreciably to productivity and thus improve our competitive position.

Both Sales and Profits at Burlington Steel were increased significantly over 1971 levels and exceeded the Business Plan projection. The improvement in Sales took place primarily in merchant bar products and billets.

The Division produced 197,516 tons of continuous cast product, an increase of 7.5% over the previous year. Rolling Mill production was

159,554 tons, which was only slightly higher than the mill output in 1971. This level, however, is commendable in view of the much higher percentage of merchant bar in the product mix, which has a lower output rate than rebar. The distracting influences of construction activity concurrent with day-to-day operations in the latter part of the year makes this production achievement a significant one.

Working to our pre-planned objectives, we attained specific cost reduction targets during the year in purchasing, methods engineering and operating controls. A positive turn was reached in our Safety Program as measured by lost time accident frequency and the overall attitude of Burlington Steel people toward accident prevention. This will receive continuing attention through an "Emergency Measures Program" which, in addition to safety, is concerned with housekeeping, first aid, fire protection and security.

A Suggestion Plan was implemented for hourly-rated employees

so that greater interest and participation in the performance of our operations might result. This has proven to be most successful and by year end almost a third of the 57 suggestions submitted were recognized on the basis of merit.

Slater Products

To emphasize the name "Slater" and to establish a stronger identity for the operation apart from the steelmaking business, the N. Slater Company division's name was changed to Slater Products.

Sales for the year exceeded 1971 and were, in fact, a record for the Division. This improvement was achieved primarily by increases in sales of pole line hardware, as well as a significant improvement in aluminum casting business. Few, if any, price increases were realized. Sales totals, therefore, do not indicate inflationary trends or effects.

Profits were approximately at the same level as previous years. They were somewhat lower as a percentage of sales as a result of our



Aerial view of facilities of Interprovincial Steel and Pipe Corporation Ltd., Regina, Saskatchewan.

inability to offset with price improvements specific cost increases such as wages, supplies and utilities.

Capital expenditures were made for the Foundry to provide additional equipment to improve both quality control and production output. This enabled us to meet the growing demand for aluminum castings for both hardware requirements and custom business, thus providing the significant increase in sales of this product line.

As at Burlington Steel, a substantial improvement was achieved in the safety performance of the Division, largely as a result of increased attention being given by supervisory personnel to the importance of preventing injury to employees through identification and correction of potential hazards. An excellent attitude resulted among our employees, which reduced accident frequency.

Planning and action took place in Manufacturing, Engineering and Production Control. Our major involvement in the former activity was

related to cost reduction, methods improvement and an appropriate modernization program of manufacturing facilities to improve both their utilization and productivity. An E.D.P. system was developed for scheduling operations to obtain improvement in lead time, delivery reliability and inventory control.

Two new commodities were added to the Slater Products line as products with a promising future sales potential. Several other specialized items were designed and are being developed for specific customer requirements or proprietary use. The most important achievement was the completion of design, testing and trial of our Spacer Damper used on 735KV transmission lines for which we received a significant Canadian order at year end.

During the year A. Michael Parent joined the Division as Vice-President-General Manager, with full responsibility for Operations, Engineering and Marketing. Other organizational moves included

establishment of the positions of Marketing Manager, Production Control Manager and Manufacturing Engineer.

Executive Officers and Directors

During the year, Gordon P. Osler joined the Board of Directors, and was appointed Chairman of the Board of Slater Steel Industries Limited, replacing Harold H. Leather, who has remained a Director of the Company. Mr. Osler is a member of the boards of directors of several Canadian companies, and his association and experience in the business community is a great asset to Slater Steel Industries.

During the year, Executive, Audit, Acquisition and Pension Committees were formed. Committee members were chosen from the Board of Directors. Regular meetings were held by the committees each playing an important role in responsible direction and planning.



Slater Products was awarded an order for 8,900 Slater-engineered Spacer Dampers in 1973 to be used on the Saguenay to Levis line section of Hydro-Quebec's 735 K.V. extra high voltage line.



This is the effluent from the bag house of the emission control system installed in the Burlington Steel melt shop. About 130 tons of dust are removed from the air each month ensuring that operations meet government environmental standards.

Looking Ahead

Through the process of progressive Business Planning, we have set the stage for sound development and growth of Slater Steel Industries. This will be accomplished through increased production and sales from existing operations, as well as broadened involvement in related businesses. Our growth plan relates as much to the development of personnel resources as it does to increased and improved physical facilities. By selection, training, involvement and recognition processes, we intend to build the strong inventory of technical and management personnel required to support the future programs and goals of the Company.

At this point in time, we have established both short and long range planning programs which define realistic objectives for intended business levels and activities. Capital investment planning, marketing strategies, operating improvements and engineering development constitute the basis for our plan.

Communications with our people are designed to gain their interest and active participation in our day-to-day progress always directed to specific goals. Our approach is most readily focussed through the Slater Management by Objectives Program, which utilizes the knowledge and skills of our people to greatest advantage.

Again thanks and appreciation are extended to both the hourly and salaried people in our Company for helping to make 1972 a successful—and exciting—year. We believe that progress has been made in advising personnel of our needs, our intent and our progress. We look to further progress during the years ahead. After all, successful results from the company depend primarily on the calibre and attitude of those who work in it.



Bruce M. Hamilton
President



Recently purchased 2,000-lb. drop hammer used for making transmission line hardware and other specialty forgings at Slater Products.

Slater Steel Industries Limited

(Incorporated under the laws of Ontario)

and subsidiary company

Auditors' Report

To the Shareholders of
Slater Steel Industries Limited

We have examined the consolidated balance sheet of Slater Steel Industries Limited and subsidiary company as at October 31, 1972 and the consolidated statements of income, retained earnings and source and use of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at October 31, 1972 and the results of their operations and the source and use of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Thorne Gunn & Co.
Chartered Accountants

Toronto, Canada
November 24, 1972
(December 4, 1972 as to note 10)

Consolidated Balance Sheet October 31, 1972

(with comparative figures at October 31, 1971)

	1972	1971
Assets		
Current Assets		
Cash and short term deposits	\$19,404,066	\$20,882,924
Accounts receivable	6,669,478	4,758,333
Inventories of raw materials, work in process and finished goods at the lower of cost and net realizable value	5,598,063	6,797,024
Prepaid expenses	180,598	163,762
	<u>31,852,205</u>	<u>32,602,043</u>
Fixed Assets (note 2)		
Land	630,187	586,006
Buildings, machinery and equipment	26,151,333	23,123,170
Less accumulated depreciation	10,462,583	9,452,949
	<u>15,688,750</u>	<u>13,670,221</u>
	<u>16,318,937</u>	<u>14,256,227</u>
	<u>\$ 48,171,142</u>	<u>\$46,858,270</u>
On behalf of the Board		
G. P. Osler, <i>Director</i>		
B. M. Hamilton, <i>Director</i>		

Slater Steel Industries Limited

Liabilities

1972

1971

Current Liabilities

Accounts payable and accrued liabilities	\$ 3,097,791	\$ 2,240,000
Income taxes payable	75,379	133,421
Dividends payable	498,968	501,739
	<u>3,672,138</u>	<u>2,875,160</u>

Sinking Fund Debentures (note 3)

1,892,187	<u>2,458,187</u>
-----------	------------------

Deferred Income Taxes

4,456,000	<u>3,865,000</u>
-----------	------------------

Shareholders' Equity

Capital stock		
Preference shares		
Authorized — 391,374 shares (1971 — 399,356 shares)		
of \$20 each, issuable in series		
Outstanding (note 4)	7,827,480	7,987,120
Common shares (note 5)		
Authorized — 4,000,000 shares without par value		
Outstanding — 2,582,232 shares	12,427,300	12,427,300
Excess of appraised value of fixed assets over net book value, as reduced	162,635	317,933
Retained earnings (notes 6 and 7)	17,733,402	16,927,570
	<u>38,150,817</u>	<u>37,659,923</u>
	<u>\$48,171,142</u>	<u>\$46,858,270</u>

Subsequent event (note 10)

Consolidated Statement of Income Year ended October 31, 1972

(with comparative figures for 1971)

	1972	1971
Net sales	\$34,259,802	\$28,966,894
Costs and operating expenses other than depreciation	29,183,006	24,919,177
Depreciation	1,039,983	1,006,970
Interest on debentures	135,743	196,910
	30,358,732	26,123,057
	3,901,070	2,843,837
Investment income	1,245,342	1,280,173
	5,146,412	4,124,010
Income taxes		
Current	1,946,000	2,086,000
Deferred	591,000	32,000
	2,537,000	2,118,000
Net income for the year	\$ 2,609,412	\$ 2,006,010
Earnings per share	84¢	60¢

Consolidated Statement of Retained Earnings Year ended October 31, 1972

(with comparative figures for 1971)

	1972	1971
Balance at beginning of year	\$16,927,570	\$16,758,567
Net income for the year	2,609,412	2,006,010
Surplus realized on retirement of preference shares (note 6)	40,861	15,149
Amount realized through depreciation provision for the year transferred from excess of appraised value of fixed assets over net book value	155,298	155,297
	19,733,141	18,935,023
Dividends		
Preference shares	450,399	458,114
Common shares	1,549,340	1,549,339
	1,999,739	2,007,453
Balance at end of year	\$17,733,402	\$16,927,570

Consolidated Statement of Source and Use of Funds

Year ended October 31, 1972

(with comparative figures for 1971)

Source of funds	1972	1971
Operations		
Net income for the year	\$ 2,609,412	\$ 2,006,010
Add items not involving current funds		
Depreciation	1,039,983	1,006,970
Deferred income taxes	591,000	32,000
	<u>4,240,395</u>	<u>3,044,980</u>
Use of funds		
Net additions to fixed assets	3,102,693	503,090
Reduction in non-current portion of debentures	566,000	1,220,032
Retirement of preference shares	118,779	32,471
Dividends	1,999,739	2,007,453
	<u>5,787,211</u>	<u>3,763,046</u>
Decrease in working capital	1,546,816	718,066
Working capital at beginning of year	29,726,883	30,444,949
Working capital at end of year	<u>\$28,180,067</u>	<u>\$29,726,883</u>

1. Companies included

The consolidated financial statements include the accounts of Slater Steel Industries Limited and its wholly owned subsidiary company, N. Slater Company, Limited.

2. Fixed assets

The book value of the land, buildings, machinery and equipment of Burlington Steel Company Division was increased by \$3,105,967 to reflect the depreciated replacement value appraised by Warnock Hersey Appraisal Company Ltd., on August 22, 1961. All other fixed assets, including subsequent additions to the Burlington plant, are included at cost.

Depreciation is provided on a straight line basis by the Burlington Steel Company division and on a declining balance basis by the N. Slater Company division.

3. Sinking fund debentures

Due date	Annual sinking fund requirements	1972	1971
6% Series A, January 1, 1982	\$100,000	\$ 500,000	\$1,042,000
6¼ % Series B, February 15, 1983	80,000	744,000	768,000
*5½ % Series D, May 15, 1984 (U.S. \$600,000)	U.S. 100,000	648,187	648,187
		<u>\$1,892,187</u>	<u>\$2,458,187</u>

*The outstanding principal amount of the U.S. issue is expressed as the equivalent in Canadian funds at date of issue.

Sufficient debentures have been purchased for cancellation to eliminate the sinking fund requirements for the next five years.

4. Preference shares

Outstanding	1972	1971
74,898 shares (1971 — 75,408 shares) 5½ % cumulative redeemable, \$1.10 Series	\$1,497,960	\$1,508,160
156,533 shares (1971 — 160,945 shares) 5½ % cumulative redeemable, \$1.10 Second Series	3,130,660	3,218,900
159,943 shares (1971 — 163,003 shares) 6% cumulative redeemable, \$1.20 Series	3,198,860	3,260,060
	<u>\$7,827,480</u>	<u>\$7,987,120</u>

During the year the company purchased for cancellation 510 \$1.10 Series, 4,412 \$1.10 Second Series and 3,060 \$1.20 Series preference shares.

The \$1.10 Series and \$1.10 Second Series preference shares are redeemable at par and the \$1.20 Series preference shares are redeemable at a premium of 10¢ per share if redeemed on or before April 30, 1973; after this date these shares are redeemable at par.

The company is required on or before May 1 in each year, to set aside in the case of the \$1.10 Series and to provide in the case of the \$1.10 Second Series and the \$1.20 Series, purchase funds for the purchase of such preference shares. The amount of each fund, including the unused balance from amounts previously provided, is not to exceed \$100,000. The company has purchased preference shares at a cost of \$386,150 in advance of purchase fund requirements.

5. Common shares

An option, expiring in 1977, granted to an employee, to purchase 4,000 common shares at \$10.25 per share is outstanding at October 31, 1972.

6. Contributed surplus from retirement of preference shares

Surplus realized on purchase for cancellation of preference shares has been included in retained earnings because the aggregate of charges attributable to contributed surplus for the period from incorporation to October 31, 1972 exceeds the aggregate of credits attributable thereto.

7. Dividend restrictions

The trust indenture under which the debentures are issued and the conditions attaching to the preference shares contain certain provisions which may restrict the payment of dividends. At October 31, 1972 there was no restriction under the most stringent of these provisions.

8. Remuneration of directors and senior officers

The aggregate direct remuneration paid or payable to the directors and senior officers of the company was \$190,320 for 1972 and \$232,697 for 1971.

9. Pension plan liability

The unfunded past service liability according to independent actuarial estimates made as at October 31, 1972 amounted to \$534,000 at that date. This obligation will be satisfied and charged to operations at the rate of \$49,000 annually, an amount estimated by the independent actuaries to be sufficient to amortize this liability over a period ending in 1989.

10. Subsequent event

The company has acquired 886,000 common shares in the capital stock of Interprovincial Steel and Pipe Corporation Ltd. for approximately \$15,300,000. This investment represents 25% of the common shares of Interprovincial which will be outstanding after all outstanding securities convertible into common stock have been converted and all outstanding options have been exercised.

11. Commitments

The company is committed to a further investment in plant facilities of \$3,400,000 during the seventeen months ended March 31, 1974.

12. Contingent liabilities

The price received in 1968 and 1970 from the sale of the companies' holdings in shares of Canadian Foundation Company Ltd. may be reduced in certain circumstances by a portion of amounts payable in respect to litigation in progress against Canadian Foundation Company Ltd. and its subsidiaries at the time of sale of the shares.

Statistical Summary for the ten years ending October 31st

	1972	1971	1970
Income and related data			
Net sales	\$34,259,802	\$28,966,894	\$30,367,895
Depreciation	1,039,983	1,006,970	947,948
Income taxes	2,537,000	2,118,000	2,765,000
Income before extraordinary items	2,609,412	2,006,010	2,534,972
Extraordinary items	—	—	(232,535)
Net income	2,609,412	2,006,010	2,302,437
Common shares outstanding (Note 1)	2,582,232	2,582,232	2,582,232
Net income per common share —			
Before extraordinary items	.84	.60	.80
Including extraordinary items	.84	.60	.71
Dividends declared			
Preference shares	450,399	458,114	480,810
Common shares	1,549,340	1,549,339	1,532,991
Per common share	.60	.60	.60
Fixed assets expenditure — net	3,102,693	503,090	1,845,273
Financial position, year-end			
Working capital	28,180,067	29,726,883	30,444,949
Fixed assets — net	16,318,937	14,256,227	14,760,107
Total assets	48,171,142	46,858,270	48,633,118
Long term debt	1,892,187	2,458,187	3,678,219
Common shareholders' equity	30,323,337	29,672,803	29,659,097
Common shareholders' equity per share	11.74	11.49	11.49
Number of employees, year-end	1,030	931	970
Number of shareholders, year-end	6,359	6,501	6,702

Notes:

- Adjusted for common share splits. 1966 common shares outstanding is average for year basis.
- This statistical summary has been adjusted where applicable to reflect
 - the deferred income tax accounting concept adopted in 1969.
 - the method adopted in 1970 of excluding from net income discounts (premiums) on preference shares purchased for cancellation.

Slater Steel Industries Limited

1969	1968	1967	1966	1965	1964	1963
\$29,939,154	\$26,796,965	\$26,723,744	\$28,734,691	\$27,428,259	\$24,635,417	\$20,067,553
899,539	827,536	763,255	758,000	688,541	619,275	501,140
2,560,000	1,392,000	1,920,000	2,282,000	2,003,000	1,739,000	1,035,000
2,950,553	2,690,974	2,912,794	2,245,704	2,292,127	1,642,992	954,255
6,733,422	861,759	262,475	—	—	—	—
9,683,975	3,552,733	3,175,269	2,245,704	2,292,127	1,642,992	954,255
2,459,844	2,459,844	2,459,844	2,313,551	1,971,318	1,970,562	1,555,972
.98	.87	.96	.77	.98	.68	.47
3.72	1.22	1.06	.77	.98	.68	.47
530,977	545,460	556,318	464,311	350,933	309,942	229,988
1,475,906	1,475,906	1,475,659	1,401,747	788,478	466,699	233,219
.60	.60	.60	.60	.40	.25	.15
939,327	2,218,901	2,581,367	811,202	1,611,475	3,014,295	410,485
30,801,375	6,255,739	4,984,017	8,699,736	5,429,498	4,899,642	2,820,254
13,862,782	14,373,561	13,046,009	11,227,897	11,174,695	10,251,761	7,856,737
51,760,348	43,236,375	50,540,026	42,080,235	31,180,777	29,268,971	24,723,218
5,377,407	6,709,687	13,794,406	7,415,125	7,767,844	8,120,562	6,772,500
28,313,745	20,571,392	18,977,237	17,796,734	11,280,861	10,327,197	7,068,924
11.51	8.36	7.71	7.24	5.72	5.24	4.54
1,051	1,232	1,141	1,328	1,207	1,210	1,105
6,710	7,539	7,786	7,785	5,446	4,536	3,051

Slater Products Around the World



This division manufactures pole line hardware for communications and power utilities, and stampings, forgings and aluminum castings for industry.

In addition, the Canadian distributors of the Company's products maintain offices and warehouses in over 30 cities throughout Canada including the following:

St. John's	Toronto	Edmonton
Halifax	London	Calgary
Saint John	Sudbury	Vancouver
Quebec City	Winnipeg	Victoria
Montreal	Regina	

Slater Steel Industries Limited

681 King Street West, Hamilton, Ontario

*MIG welding of Suspension Yoke Plates
for use in suspension supporting
conductors in a 735 K.V. extra high
voltage power transmission line.*



